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GOVERNMENT OF KERALA

FINANCE (WAYS AND MEANS) DEPARTMENT

PRESS COMMUNIQUE

Dated : 7th August, 1959.

Four per cent Kerala State Development Loan, 1971.

(Financial and Budgetary position of the Government of Kerala).

Subscriptions for the 4 per cent Kerala State Development Loan, 1971 will be received from the 19th August, 1959, at the Offices of the Reserve Bank of India at Madras, Bombay, Calcutta, New Delhi, and Bangalore, and branches of the State Bank of India within the State of Kerala and at the District and Sub-Treasuries of the State at places where there are no branches of the State Bank of India. Details in regard to the terms of the Loan are contained in the Finance Department Notification No. 33843/59/Fin. W/M. 5 dated the 7th August 1959 published in the Kerala Government Gazette (Extraordinary) of that date. The proceeds of the Loan are intended to be utilised for financing the development schemes under the State's Second Five Year Plan. A brief resume of the budgetary and financial position of the State is given below :—

Note.—The figures given below are provisional as the allocation of assets and liabilities between Madras and Kerala consequent on the reorganisation of States has not yet been finanlised.

Budgetary position.

2. The accounts for 1958-59 have not yet been closed. According to the latest figures available, the transactions of the year in the Revenue Account are anticipated to close with a revenue deficit of Rs. 1·06 crores. This deficit can be attributed to the accelerated pace of development expenditure incurred during the year. The budget for the current year anticipates a small revenue deficit of Rs. 0·78 crore.

Assets and Liabilities.

3. The total public debt of the Kerala Government as on the 31st March 1959 according to the preliminary accounts of March was about Rs. 53·70 crores, of which Rs. 37·35 crores represent the loan received by the State from the Government of India and Rs. 9·45 crores represent open market loans raised for financing the expenditure on irrigation, electricity and other development schemes and also for re-lending to local bodies, agriculturists, etc. The balance mainly represents temporary ways and means advances received from the Reserve Bank of India and the State Bank of India.

Against the outstanding open market loans aggregating Rs. 9·45 crores, the total contribution made to the General Sinking Fund to the end of 1958-59 is Rs. 1·67 crores. It will be seen that the provision made for the amortisation of the State's open market loans amounts to about 18% of the amount outstanding. A substantial portion of the Sinking Fund stands specifically invested in Government securities.

The other main interest-bearing liabilities of the Government as on 31-3-59 amounted to Rs. 12·79 crores as detailed below:—

	Rs. in crores
Savings Bank Deposits. ..	2·35
Provident Fund Deposits. ..	3 63
Reserve Fund of Electricity, Transport and other Commercial concerns. ..	3·98
Special Loans. ..	0·12
State Insurance Fund. ..	2·71
Total:	12·79

The total liability on which interest is payable thus amounted to about Rs. 66·49 crores as on 31st March 1959. The total interest charges according to the Budget Estimates, 1959-60, are only about Rs. 2.03 crores per annum against which a sum of Rs. 0·61 crore is realisable by way of interest on Capital invested in Government Commercial concerns. The net effect is thus a debit of Rs. 1.42 crores only to the Revenue Account.

4. Besides the liabilities referred to above, the Government have some liabilities on account of various deposits received by them from Local Funds and from the public from time to time. Government have also given guarantees to certain quasi-Government and other commercial institutions. The ultimate liability to the Government on account of these guarantees will, however, be practically nil.

5. Against the liabilities mentioned above, the Government own capital and remunerative assets and other investments worth about Rs. 69·24 crores as at the end of March 1959, as shown below :—

		Rs. in crores. (based on preliminary accounts)
Irrigation, etc. schemes.	..	10.28
Electricity Schemes.	..	24·77
Schemes of improvement of Public Health (only from 1957-58 onwards).	..	2·34
Loans and Advances made by the State Government.	..	12·00
Investments in State Transport and other Government commercial undertakings and investments in shares of commercial concerns.	..	12·53
Surplus investments in gilt-edged securities, bullion account and short-term deposits in banks.	..	7·32
		69·24

Further, Government have invested Sinking Funds and other ear-marked funds mainly in Government securities.

6. According to the revised estimates for 1958-59 the total assets of the Government amount to Rs. 86.75 crores against a total liability of Rs. 74.48 crores. Thus the assets exceed the liabilities by Rs. 12.27 crores. Besides these assets, Government also own other extensive and valuable assets in the form of buildings, lands, roads and bridges, forests, etc. which go to reinforce the already sound financial position of the Government.

P. S. PADMANABHAN,
Finance Secretary.